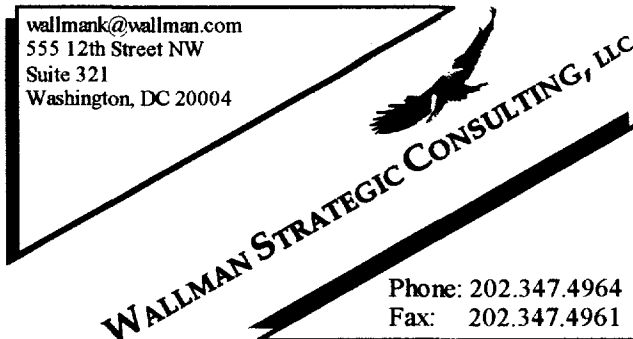


EX PARTE OR LATE FILED



RECEIVED
APR 27 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 27, 1999

John E. Logan
loganj@wallman.com

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: *Ex Parte* Presentation
CC Docket No. 92-237
NSD File No. 98- 151

Dear Ms. Salas:

Today, H.G. Miller, Ph.D., Vice President, Center for Telecommunications and Advanced Technology, Mitretek Systems, and I met with Debra A. Weiner and Sharon Diskin, of the Commission's Office of the General Counsel, to discuss the above proceeding. In our meeting, we related the position of Mitretek Systems that Lockheed Martin had failed to adhere to the neutrality standards required of the North American Numbering Administrator. We also explained the position of Mitretek Systems that Lockheed Martin's proposed successor, Warburg, Pincus & Co., would also violate the neutrality standard of the law. Copies of documents submitted at the meeting are attached.

Enclosed are four copies of this submission.

Respectfully,

John E. Logan

Attachments
Enclosures

No. of Copies rec'd 04
List A B C D E

NANPA Function	1997 Mitrotek	Function Set 2	Function Set 3	Function Set 4
Management	X	X		
NANP Administration	X	X		
CO Code Administration	X	X		
NPA Relief Planning	X	X		
System Development	X	X		
Enhanced COCUS	X		X	
Pool Administration	X		X	
Increased NPA Relief Planning	X			X
State-Specific Requirements	X			X
Others	X			

Warburg holds a substantial interest in entities that have a critical interest in number administration.

- Warburg owns 34% of Covad Communications Group, Inc. It controls two of the five seats on Covad's Board of Directors.
- Covad's website reflects its close alignment with the telecommunications industry. It describes itself as a "packet" Competitive Local Exchange Carrier authorized by public utility commissions to provide services over existing telephone lines as an alternative to the local exchange carrier. It has strategic alliances with Qwest, AT&T, and NEXTLINK.¹
- Covad competes directly with local exchange carriers. On April 21, 1999, Covad announced residential rollout of DSL. Identifying itself as a "Data CLEC" Covad stated that it took its first step into residential markets by beginning to offer its "TeleSurfer" DSL (digital subscriber line) service to residential customers in 25 metropolitan areas.
- Warburg holds a 14% interest Primus Telecommunications Group, Inc. Primus provides interlata and intralata services in the United States. Warburg's original description rationalized that a significant majority of Primus' service is offered in markets outside of the United States. One significant market enumerated was Canada. Canada is part of the North American Numbering Plan. Moreover, media reports indicate Primus' pervasive interest in United States and other markets covered by the North American Numbering Plan.²
- Warburg holds more than a 10% interests in Espirit. Like its description of Primus, Warburg does not describe Espirit with any precision, only that Primus and Espirit are not affected by U.S. number administration. Beyond that the Commission is entitled to clarity and specificity in terms of Warburg's holdings, Warburg's ignores that the NANPA holds a position where it maintains and receives daily information regarding competitors of both Primus and Espirit.
- Warburg owns 5% of the outstanding shares of NTL, a provider of local and international telecommunications services in the United Kingdom, which holds two international section 214 authorizations from the FCC.
- Warburg holds substantial interests in other companies that use and depend on numbering resources:

MCIWORLDCOM is listed among the 10 largest holdings of the Warburg Pincus Capital Appreciation Fund (256,600 shares), as is MediaOne (374, 900 shares), and BellSouth

¹ www.covad.com

² The New York Times archives of April 18, 1998, Business/Financial Desk reported the following: Primus Telecommunications Group, Inc. said yesterday that it had increased its takeover bid for a rival international phone company, Trescom International Inc., to \$155 million to \$122 million.In exchange for the higher bid, Primus will receive stock options from Warburg Pincus Investors L.P. , which owns about 51% of Trescom's shares, as well certain Trescom officers, allowing Primus to acquire more than 50% of Trescom's shares if the merger is not completed. Trescom, based in Fort Lauderdale, Fla. provides international long-distance calls that originate in the United States. Primus, based in McLean, Va., and also a long distance phone company, said the acquisition would help it enter the Caribbean and Latin American markets.

(145,200 shares).³ In its Growth & Income Fund 8.36% of its assets in telecommunications and equipment, with AT&T (2.15% of the fund) and Bell Atlantic (2.09%) among the top ten holdings.⁴ Warburg's Balanced U.S. Stock Fund enumerates MCIWORLD.COM (1.12%) and MediaOne (1.52%) as its top ten holding.⁵ Its Global Telecommunications Fund has 31.93% of its holdings in the Americas, with MCIWORLD.COM (2.82%), Lucent (2.25%), and Global TeleSystems Group (3.11%) among its top holdings.⁶

- Credit Suisse Asset Management proposed acquisition of Warburg Pincus Asset Management offers no insulation from the neutrality standard. The Credit Suisse Group will acquire a 19.9% interest in Warburg. Suisse's holdings in telecommunications interests are not described and should be as it will hold an almost 20% interest in Warburg.
- Warburg contends that it is a passive investor and therefore the neutrality standard is not applicable. It contends that the neutrality standard applies only to strategic investors. The Commission's rules do not recognize "strategic" versus "passive" investment interests as a means to eliminate the neutrality obligation.
- Warburg's assurance that it will be a passive investor is contradicted by its statements that it will be vigilant in ensuring that CIS has adequate technical and financial resources.⁷
- Warburg does not state that its affiliates will not use numbering in the future, only to give the Commission 20 days notice when one of its affiliates commences actually using numbers.⁸
- Having claimed its affiliations do not violate the neutrality standard, and that it is a passive investor, Warburg then promises to enact a code of conduct, impose information barriers among its affiliates, and to conduct frequent audits of its neutrality.⁹

The Commission's rules are founded on the sound premise that the entity entrusted with allocating phone numbers, a critical resource for telecommunications, must not be aligned with a segment of the telecommunications industry.¹⁰ Warburg and Credit Suisse have sizable and tangible financial interests in a range of entities that compete in the telecommunications service and equipment markets. The NANPA possesses competitively sensitive information regarding the actions and direction of Warburg/Suisse's holdings and competitors- who is requesting numbers, the quantities being requested and when and where numbers are being conserved. The structure established by the Commission, that of a private entity entrusted with public responsibilities, would be turned upside down if an affiliate of an active and aggressive investor in telecommunications interests administers the North American Numbering Plan.

³ Investor's Business Daily 24 February 1999 at B1.

⁴ Warburg Pincus Funds Fact Sheet- Growth & Income, December 31, 1998.

⁵ Warburg Pincus Funds Fact Sheet-U.S. Stock Fund, December 31, 1998.

⁶ Warburg Pincus Funds Fact Sheet-Global Telecommunications, December 31, 1998.

⁷ 16 February 1999 response at 34.

⁸ Letter to Alan Hasselwander, Chairman North American Numbering Council, dated 26 March 1999 from Jeffrey E. Ganek, Senior Vice President, Lockheed Martin IMS.

⁹ Letter to Alan Hasselwander, Chairman North American Numbering Council, dated 26 March 1999 from Jeffrey E. Ganek, Senior Vice President, Lockheed Martin IMS.

¹⁰ 47 CFR 52.12